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H.R. 3 – THE HAWKINS-DOWNEY CHILDCARE BILL: GOVERNMENT NANNIES FOR AMERICA'S CHILDREN

INTRODUCTION

Congress seems about to give American children a new “nanny”: the federal bureaucracy. The House this week is to vote on national childcare policy enshrined in what is called “Early Childhood Education and Development Act” (H.R. 3), introduced by Augustus Hawkins, the California Democrat, and amended by Thomas Downey, the New York Democrat. Although the amended version of H.R. 3 does expand the earned income tax credit, which helps low-income parents, the centerpiece of the Hawkins-Downey bill remains the creation of a nationwide system of childrearing by government.

The nationwide governmental daycare system proposed in the Hawkins-Downey bill has many components: a gargantuan daycare bureaucracy with over 38,000 separate daycare commissions; a federally controlled daycare system based in the public schools; a new Head Start program for the middle class; and an expanded network of government-controlled and funded daycare centers.¹

Reducing Parents' Options. Parents who do not wish for their children to be raised in government institutions have no choice but to pay higher taxes for this new daycare system. And those parents who do receive assistance will have little choice over the type of care their children will receive. In fact, daycare options for these parents will be reduced, since many private sector

1 For an analysis of the Head Start proposals in this legislation, see Kate Walsh O'Beirne, "Why America's Kids Don't Need Another Federal Preschool Program," *Heritage Foundation Issue Bulletin* No. 153, September 19, 1989.

and religious daycare centers will be driven out of business by the new subsidized government daycare network.

Worse for Families. The Hawkins-Downey bill is as bad or worse for American families than the Senate's original Act for Better Childcare (ABC) bill, which passed the chamber in late June.² This new "son of ABC":

- ◆ ◆ Gives money to institutions and middle-class bureaucrats rather than to low-income parents;
- ◆ ◆ Limits parental choice in childcare by giving government, rather than parents, the right to select what childcare will be subsidized;
- ◆ ◆ Discriminates against parents who care for their own children;
- ◆ ◆ Reduces the quality of childcare by discouraging informal care provided by parents, grandparents, and neighbors, while promoting lower quality care in formal government-controlled institutions; and
- ◆ ◆ Discriminates against parents who want religious childcare for their children.

Two alternatives to H.R. 3 will be offered for vote on the House floor. The first is a bipartisan compromise bill introduced by Charles Stenholm, the Texas Democrat, and Clay Shaw, the Florida Republican. The other is the bill introduced by Republicans Mickey Edwards of Oklahoma and Clyde Holloway of Louisiana. In sharp contrast to H.R. 3, neither of these bills would create a huge government daycare bureaucracy. They promote parental choice in childrearing by directing resources to low-income parents with young children rather than by financing a wasteful bureaucracy and government-controlled daycare centers. The authors of these bills recognize that parents, not the government, should determine how children should be raised.

PROVISIONS OF THE HAWKINS-DOWNEY BILL

Some believe that the original and very flawed version of H.R. 3 has been significantly modified by amendments in the Ways and Means Committee. This is incorrect. The Hawkins-Downey bill which the House votes on this week contains all of the original provisions of H.R. 3 plus two provisions added by Downey in the Ways and Means Committee.

The amended version of H.R.3 has eight major provisions. The six original provisions written by the Education and Labor Committee are:

² For an analysis of the Senate legislation, see Robert Rector, "A Look at the 'New' ABC Bill: Restricting Parental Choice in Child Rearing," *Heritage Foundation Issue Bulletin* No. 149, June 19, 1989.

Title I. This title vastly expands Head Start, transforming it from a program for disadvantaged children to one offering childcare and child development services to the middle class.³ The family income threshold for Head Start eligibility is raised from the current poverty threshold (approximately \$11,000) to \$31,200. The bill authorizes an additional \$1.8 billion in spending on Head Start between 1990 and 1993, with up to half of these funds going to higher income children.

Title II. This title authorizes \$1.75 billion over four years to create a federally-controlled child care and child development program for three- and four-year-old children within the public school system. Children from families with incomes up to \$33,300 could receive subsidized care under the program. (At least half of the pre-school children in the United States live in families below this income level.) Children from higher income families could attend the program, but their parents would have to pay full cost. Part of the funds under Title II also could be used create school programs for “latch key” children – those school-age children who are without supervision before or after school while their parents are working.

Title III. This title authorizes \$2.5 billion over four years in grants to state governments to be distributed largely to local governments operating daycare programs or to politically selected daycare centers. States receiving these funds must modify their daycare regulations to meet federal standards established by the bill. This title of the bill also establishes a national commission to create a detailed system of “model” federal daycare regulations. For the time being, these regulations would be advisory only.

Title IV. This title authorizes \$1.1 billion over four years in grants to state governments to assess daycare needs, establish daycare referral systems, enforce daycare regulations, train daycare workers, and to increase the salaries of daycare workers in government daycare programs. This title also requires each state to create a massive new daycare bureaucracy.

Titles V and VI. These titles provide \$400 million over four years in grants to businesses that operate daycare programs, and grants to state governments to strengthen daycare regulation.

The two provisions added by the Ways and Means Committee are:

Social Service Block Grants. This part of the bill would expand funds for daycare under the current Social Service Block Grant program (SSBG). Over five years, \$1.55 billion extra would be given to state governments to pay for daycare services. As much as 20 percent of the funds could be used for overhead and administration. The provisions of this grant program would be virtually identical to those of Title III above. The major difference is that the Social Service Block Grant program is under the jurisdiction of the Ways and Means Committee, while the Title III funds would be under the jurisdiction of the Education and Labor Committee.

³ See O’Beirne, *op. cit.* for a review of Titles I and II.

New Tax Credits. Critics of the original H.R. 3 complained that the legislation would provide funds only to governments and daycare centers, but would not help parents directly. Responding to this, Downey introduced a successful amendment to the bill to provide tax credits to parents through an expansion of the earned income tax credit (EITC). The EITC is a tax credit currently equal to 14 percent of earned income to parents with earned incomes below \$7,157. The credit also is refundable, meaning that if the credit exceeds a family's total income tax liability, the parent receives the remaining value of the credit as cash assistance from the government in his weekly paycheck. The maximum credit is \$1,002, and it is reduced incrementally if the family income is above \$11,290, declining to zero for a family income of \$21,290.⁴

The Downey-Hawkins bill modifies the EITC in three ways: it increases its value; adjusts the credit depending on the number of children in a family; adds an extra credit if any children in the family are under age six.

Specifically, the Downey amendment's new EITC equals 17 percent of earnings if a family has one child; 21 percent for two children; and 25 percent for three children or more. An additional credit of 6 percent of earnings is given if the family has a child under age 6. The maximum credit for a family with one pre-school and two school-age children would be \$2,218 for a net increase of \$1,216 over existing law.

The Downey tax credit is similar to a proposal introduced by Congressman Thomas Petri, the Wisconsin Republican, to increase the EITC for low-income parents as an alternative to raising the minimum wage. While increasing the minimum wage destroys jobs for low-income Americans, expanding the EITC would raise income for low-income working parents without eliminating jobs. Equally important, the EITC is not tied to formal daycare expenses; it is available both to low-income employed single mothers and to "traditional families" in which the father works while the mother remains in the home to care for young children.

CHILDCARE AND AMERICA'S FAMILIES

Only 10 percent of pre-school children currently are cared for in formal daycare centers while their parents work. Some 75 percent of pre-school children are instead cared for by parents, grandparents, or other relatives. The remaining 15 percent are cared for in an informal setting, generally by a friend or neighbor. Experts agree that care by parents or grandparents is best for children.⁵

4 All EITC figures in the text refer to 1991 levels, the first year in which the proposed changes in the EITC would take effect.

5 Robert Rector, "Fourteen Myths About Families and Child Care," *The Harvard Journal on Legislation*, Summer 1989, pp. 519-520.

Affluent Daycare Users. Contrary to conventional wisdom, families caring for their own children are not more affluent than families using daycare. Over 80 percent of the pre-school children in paid non-parental care come from two-parent, two-earner households. The median income of these families is \$38,346 compared with \$25,803 for traditional families.⁶ Traditional families actually are the most common type of low-income working family with young children. Among families with young children with incomes below \$15,000, for example, traditional families outnumber families headed by employed single mothers.⁷

The low use of daycare centers by parents is not due to a physical shortage of daycare facilities. All scientific studies, including those of the Labor Department and the liberal Urban Institute, refute the notion that America suffers from a physical shortage of formal daycare centers.⁸ National daycare chains, such as Gerbers, Kindercare, and La Petite Academie have average nationwide vacancy rates of 25 percent.⁹ The National Childcare Association, representing independent private sector daycare centers which account for 50 percent of the formal daycare markets, reports average vacancy rates of 18 percent in 18 states surveyed.

Tax Burden on Families. The real problem facing America's parents is not a shortage of daycare centers, but a shortage of financial resources. The main cause of this financial problem is the growing burden of taxes on families since World War II. In 1950, the median income family of four paid just 2 percent of its income to the federal government in income and payroll taxes. Today, this same family pays 24 percent.¹⁰ Low-income families do not escape this tax burden. A truckdriver trying to support a wife and two children on \$15,000 per year pays over \$2,000 in federal taxes.

The solution to the daycare "problem" thus is not to tax families even further to create a government daycare empire; it is to return financial resources back to parents with children.

Why then is this opposed by the professional child development community and government daycare industry, which is lobbying so hard for the Hawkins-Downey bill? The answer is that placing funds and decision-making in the hands of parents will not result in the sort of tightly controlled "professionalized" government daycare system that these groups seek. Social service professionals in the public sector daycare business want power placed in their hands and federal dollars flowing into their pockets. Parents, by contrast, overwhelmingly prefer parental care or care by relatives or neighbors for their children. Only 6 percent of parents state that they would prefer to have their children cared for in a secular daycare center.¹¹

6 *Ibid.*, pp. 520-521

7 *Ibid.*

8 *Ibid.*, pp. 523-525.

9 *Ibid.*

10 *Ibid.*

11 Associated Press/Media General poll, June 1986.

Yet this is the only type of care subsidized by the non-tax-credit portions of the Hawkins-Downey bill.

A CLOSER LOOK AT HAWKINS-DOWNEY

The Hawkins-Downey bill thus is based on myths about the nature of the daycare “problem” and about the desires and needs of American families with children. Worse, the legislation would exacerbate many existing concerns and add new problems.

Bureaucracy Run Amok

The Hawkins-Downey bill requires that each state receiving federal daycare funds must create a “child development council” for each local government. If every state were to accept federal daycare funds under the legislation, over 38,000 local child development councils would need to be created. Each council is required to submit reports to the state government every four years, assessing childcare needs as defined by the council. The bill thus requires over 120,000 government reports on daycare by the year 2000. These councils no doubt would become a permanent nationwide lobbying system for greater federal spending on government-provided, bureaucracy-controlled daycare.

Federal Regulation of Daycare

The bill imposes over 150 new regulations on state governments receiving federal daycare funds. It also imposes a regulatory “ratchet” provision on state legislatures: at any point in the future state governments may make their daycare regulations more stringent; they can never make regulations more lenient without the direct approval of the federal Secretary of Health and Human Services. This rule transfers control over daycare regulation from state governments to the federal bureaucracy. In addition, the bill establishes “model” federal daycare regulations. These model regulations clearly are intended establish a precedent for a future system of comprehensive, mandatory federal regulation of daycare similar to that proposed in the original ABC bill.

Reducing the Quality of Childcare

Parents not only prefer care by relatives and neighbors for their children, but this type of care is found to be healthier for children. Small children are natural transmitters of infectious diseases. When large numbers of pre-school children are placed together for long periods, as every parent using a day care center knows so well, the germs or viruses of one child tend to be transmitted to the others.¹² Because of infections, children in formal daycare centers are

¹² *Ibid.*, p. 534.

4.5 times more likely to be hospitalized than children raised in less formal settings.¹³ "Daycare diseases," moreover, are not confined to runny noses. Many are quite serious. Example: daycare centers are responsible for over 3,000 cases of childhood meningitis each year, and a third of these children will suffer permanent mental impairment.¹⁴ Experts from the Centers for Disease Control estimate that daycare centers are the cause of 14 percent of all infectious hepatitis cases in the U.S.¹⁵

This disease threat cannot be reduced by new regulations; it is an inherent feature of grouping large numbers of pre-school children into a single formal facility. The Hawkins-Downey plan to build a huge formal government daycare infrastructure thus poses an unnecessary threat to the health of America's children. Pre-school children are far healthier when cared for in their own homes or in small informal groups of three or four.

Regulating Grandmothers

Although the Social Service Block Grant component of the Hawkins-Downey bill explicitly asserts that states are not required to "license" grandmothers, the bill in fact requires states to impose a vast array of new regulations on grandparents.¹⁶ To receive the Social Service Block Grant (SSBG) daycare funds provided in the bill, for instance, a grandmother caring for her own grandchild must comply with a variety of federally mandated regulations, including building standards in her home, safety standards, nutrition regulations, injury prevention and treatment regulations, child abuse prevention regulations, and health regulations.¹⁷ In addition, the grandmother would be inspected periodically by the state government to verify her compliance with red tape.¹⁸

A woman seeking to have her next-door neighbor care for her child would face even greater regulatory barriers. To receive the Hawkins-Downey SSBG daycare funds, the neighbor not only would be subject to the regulations

13 David M. Bell, *et al.*, "Illness Associated with Child Day Care: A Study of Incidence and Cost," *American Journal of Public Health*, April 1989, pp. 479-484.

14 Rector, "Fourteen Myths," p. 534.

15 *Ibid.*

16 U.S. House of Representatives, 101st Congress, 1st Session, Committee on Ways and Means, "Early Childhood Education and Development Act of 1989: Report Together with Dissenting Views" (Report #101-190 Part 2, September 12, 1989). Section 2011(a)(2)(B) of the amended version of H.R. 3 states that any grandmother who received SSBG funds for caring for a grandchild would not need to be licensed. But the same section stipulates that all providers receiving funds, including grandmothers, would have to "comply with the minimum child care standards" outlined in a latter part of the bill. Thus the bill requires that the grandmother be regulated but not "licensed".

17 *Ibid.*, p. 3, Section 2011(a)(2)(B)(ii).

18 *Ibid.*, p. 6, Section 2012(i)(3)(B). Since grandmothers receiving government funds must be regulated to meet state minimum standards, they also must be inspected.

imposed on grandmothers, but also would be forced to take fifteen hours of annual training.¹⁹ The neighbor also would be required to provide a written statement of her childcare “program goals” to the parent.²⁰

Title III of the bill does theoretically permit funds to go to grandmothers and neighbors, but it prohibits state governments from distributing funds as vouchers. A grandmother would have to enter into a “contract” with the state government to care for her grandchildren.²¹ The certain result: very few, if any, grandmothers or neighbors will receive funds under Title III.

The SSBG grant components as well as the funding provided in Titles I through VI of the Hawkins-Downey bill are designed to discourage informal childcare by relatives and neighbors, despite the fact that this type of care is preferred by parents and is far healthier for children than daycare in formal institutions.

Discriminating Against Traditional Childrearing

Approximately 40 percent of low-income working families with pre-school children are traditional families, in which one parent is employed while the other cares for the children within the home. These families are discriminated against by the Hawkins-Downey bill. Counting the tax credits, the SSBG grants, and the grant funding authorized under Titles I through VI, the financial resources allocated to those families with pre-school children that use paid non-parental daycare are two and a half times greater than the amount provided to low-income traditional families.²² The legislation thus would discourage parental care of children.

Discriminating Against Religious Childcare

Titles I, II, and III of Hawkins-Downey explicitly deny funds to childcare providers who include religious activities in their programs. In theory, such religious providers still could receive new SSBG funds under the legislation, but only if they submitted to a wide array of secular state regulations mandated by the bill, including state controls on the selection of program administrators and childcare personnel.²³ Since few, if any, actively religious

19 *Ibid.*, p. 5, Section 2012(d).

20 *Ibid.*, Section 2012(i)(5)(A).

21 H.R. 3, Title III, Section 6580(a). (Text of H.R. 3 reported on June 27, 1989, by the Committee on Education and Labor.)

22 For example, in 1992 Hawkins-Downey would provide an estimated \$3.9 billion in grants and tax credits to parents with pre-school children using non-parental care. Low-income traditional families with pre-school children would receive \$1.46 billion in tax credits. This estimate is based on the following assumptions: 1) Families with pre-school children would receive half of the standard EITC expansion and all of the young child supplement tax credit. 2) Of the tax credits going to families with young children, traditional families would receive 40 percent; families using non-parental care would receive 60 percent. 3) Of the \$2.2 billion in grant funds authorized in 1992, employed families with pre-school children using professional non-parental care would receive about \$1.7 billion; the rest would go to welfare families and families with school age children.

23 House of Representatives, *op. cit.*, p. 4, section 2012(c)(1)(C) and (D).

childcare providers would be willing to submit to such state regulation, Hawkins-Downey effectively denies both Title III and SSBG assistance to parents who would prefer to place their children in a childcare program that included religious values.

Childrearing in the Public Schools

Title II of the Hawkins/Downey bill establishes a childcare/early childhood development program for three- and four-year-olds inside the public schools. Families with incomes up to \$33,000 would be eligible for subsidized public sector childcare under this program. It is unlikely that the proposed program actually would provide long-term benefits to the disadvantaged children enrolled in it.²⁴ And early childhood development of the sort funded under Title II would harm rather than benefit the average child. David Elkind, author of *The Hurried Child* and contributing editor of *Parents Magazine*, warns that such programs can often arrest rather than promote the long-term development of children. States Elkind:

The risks of miseducating young children are both short and long term. The short term risks derive from the stress, with all its attendant symptoms, that formal instruction places on children; the long-term risks are of at least three kinds: motivational, intellectual, and social. In each case, the potential psychological risks of [early educational programs] far outweigh any potential educational gain.²⁵

Establishing daycare in the public schools is in any case objectionable because:

- 1) It discriminates against low-income parents who care for their own children.**
- 2) It restricts parental choice in childcare.** Parents who would like childcare other than that provided in the public schools are denied assistance.
- 3) It means direct federal regulation of childcare in the public school system.** Federal regulations would control personnel qualifications, staff-child ratios, and curriculum for programs funded under Title II of Hawkins-Downey. Direct federal regulation of pre-school programs in the public schools sets a dangerous precedent for subsequent federal regulation of other school programs.
- 4) The creation of a federally funded daycare system in the public schools likely will eliminate large portions of the private sector and religious daycare industry, since those institutions will be unable to compete with free or heavily subsidized government daycare.**

²⁴ O'Beirne, *op. cit.*

²⁵ Quoted in *ibid*, p. 5.

Converting Head Start into a Middle Class Program

The Hawkins/Downey bill raises the income eligibility threshold for Head Start from around \$11,000 to \$31,200. Head Start thus is transformed from a program primarily for disadvantaged children to one in which over half of the young children in the U.S. would be eligible.

While the effects of Head Start on disadvantaged children are debatable, Head Start clearly will not benefit middle class children. Some have argued that the introduction of more middle class children into Head Start would have beneficial side effects on disadvantaged children. But experts have expressed concern over the negative effects of formal early development programs on middle class children, warning that these negative effects are likely to outweigh the benefits accruing to disadvantaged children from association with middle class children.²⁶ Expansion of Head Start to cover the middle class is particularly troublesome when the current program is able to cover only 20 percent of eligible poor children.

The Mythical Latch Key "Crisis"

Title II of Hawkins-Downey provides funding for government programs for "latch key" children. These are school-age children who are without direct adult supervision for a short period before or after school, while their parents are still at work. But Census Bureau data reveal, however, that there is no American "latch key crisis." The Census Bureau finds that only 2.1 million or 7 percent of children between the ages of 5 and 13, spend any time without adult supervision before or after school. This is far less than the 15 million latch key children claimed by daycare advocates. Most of these are older children; only 307,000, or 2 percent of children aged five to ten, care for themselves either before or after school. This means that there are, on average, only four latch key children under age ten for each American elementary school. And these children are generally left alone for short periods.

Sandra Hofferth of the Urban Institute, analyzing Census data, finds that latch key children tend to be disproportionately suburban, white and middle class, and their parents tend to be better educated.²⁷ In general, parents of latch key children are willing to leave their children alone for short periods not because they cannot afford care, but because they are confident in the child's ability to care for himself or herself. It may be reasonable for some elementary schools to create programs for supervising children before or after school, paid for by the parents using the program. However, there is clearly no need to create a massive new federal program to deal with a phantom "crisis."

26 Edward F. Zigler, "Formal Schooling for Four-Year-olds? NO," in Sharon L. Kagan and Edward F. Zigler, eds., *Early Schooling, the National Debate* (New Haven, Connecticut: Yale University Press, 1987), p. 33.

27 V. Cain and S. Hofferth, "Parental Choice of Self-Care for School Age Children," paper presented at the Annual Meeting the Population Association of America, Chicago, Illinois, May 1987.

ALTERNATIVES TO THE DOWNEY/HAWKINS BILL

In debate on the House floor, two amendments to the Hawkins-Downey bill will be offered.

The Stenholm-Shaw Bipartisan Compromise

Charles Stenholm, the Texas Democrat, and Clay Shaw, the Florida Republican will offer a new proposal. Among its main provisions:

1) An earned income tax credit expansion identical to Hawkins-Downey. This would provide tax relief and cash assistance directly to parents.

2) \$1.6 billion in block grants over four years for states to expand daycare. Aside from the limitation that no more than 7 percent of the funds may be used for administration (in contrast to the 20 percent of Hawkins-Downey), the proposal places few restrictions on state governments. Unlike Hawkins-Downey, for instance, it imposes no federal daycare regulations, creates no new regulatory bureaucracy, and leaves state governments free to design their own programs to meet daycare needs.

3) \$1.2 billion over four years in additional Head Start funding. Unlike Hawkins-Downey, the Stenholm amendment does not alter existing eligibility criteria for Head Start. Thus it assures that the added funds will be spent on the poor, not on middle class children.

4) Religious Childcare. The proposal would reduce discrimination against parents who wish religious daycare for their children by providing that if a state government distributes federal daycare funds as vouchers to parents, the parents will be free to use the vouchers in church-based daycare centers that include religious worship and instruction as part of their program. No new regulations will be imposed on the religious daycare center. This provision closely mirrors religious liberty provisions in the Democratic daycare bill (S. 5) recently passed in the Senate.

Stenholm recognizes that the federal government must not try to be a parent. The last thing America's parents want or need is a network of government daycare centers financed by their own tax dollars. The Stenholm amendment would produce a greatly improved bill by decoupling the beneficial Downey tax credits from the other negative aspects of H.R. 3.

The Edwards-Holloway Alternative

This amendment, crafted by Republicans Mickey Edwards of Oklahoma and Clyde Holloway of Louisiana would replace the Hawkins-Downey bill with a pure tax credit plan that provides help directly to parents rather than to governments and the daycare industry.²⁸ The bill benefits all low-income working families with children by increasing the earned income tax credit

²⁸ This amendment is a variation of the earlier "Toddler Tax Credit" bill introduced by Congressman Holloway and Congressman Richard Schulze, the Pennsylvania Republican.

from 14 percent to 17 percent of earnings. For low-income working families with pre-school children, the amendment also expands the scope of the existing dependent care tax credit by making it available to all low-income working families with young children, not just those using paid daycare. This new credit also is to be refundable, unlike the current dependent care credit, and so it would greatly benefit working families with incomes below \$14,000 per year.

Providing More Funds. For the first pre-school child in each family, the new young child credit would be set at 10 percent of earnings below \$10,000. For families with incomes between \$10,000 and \$17,000, the credit for the first pre-school child would equal \$1,000; for incomes above \$17,000, the credit would be reduced incrementally, reaching zero at \$24,000. The second and third pre-school children in the family would receive credits with a maximum value of \$300.

The Edwards-Holloway bill provides more funds than do the Hawkins-Downey or Stenholm bills directly to low-income families with pre-school children. Example: a family earning \$12,000 per year with two pre-school children would receive \$1,500 in credits under the Edwards-Holloway amendment compared with to \$865 under Hawkins-Downey or Stenholm.²⁹

The Edwards-Holloway bill also focuses resources on low-income traditional families, recognizing that all experts agree that the best quality childcare is provided at home.

Relieving Traditional Families. Edwards and Holloway know that there are more low-income traditional families with young children than there are low-income families headed by employed single mothers. These traditional families are largely discriminated against by existing government policy. They pay heavy Social Security and income taxes and receive nothing from the nearly \$6 billion which the federal government currently spends on daycare. Most traditional families do not wish to put their children in daycare centers, and the Edwards-Holloway alternative provides badly needed tax relief to these families, to help them raise their children in the manner they choose. At the same time, the Edwards-Holloway policy provides greater tax credits to employed low-income single mothers with pre-school children than any other proposal.

Neither the Stenholm nor the Edwards bill, however, gives sufficient tax relief to American families. The tax credits should be expanded to provide greater tax relief to hard-pressed working class families with pre-school children in the \$15,000 to \$30,000 income range. A large share of this tax relief could be provided with the daycare grant funds provided under H.R. 3.

²⁹ Calculations are for 1991.

CONCLUSION

National policy for child care should be based on five principles:

- 1) **The government should play as limited a role** in childrearing as possible. Congress and the federal bureaucracy make very poor surrogate parents.
- 2) **The government should not discriminate against** low-income traditional families which make a sacrifice so that one parent can remain in the home to care for infant children.
- 3) For families using non-parental daycare, **federal and state policies should seek to maximize choice**, allowing parents to select the type of care most appropriate to their child's needs, rather than imposing a formal daycare system from the top down.
- 4) **The policy should not exclude or discourage** daycare by relatives and neighbors. This informal care is preferred by parents and is far healthier for children than is care in formal daycare centers.
- 5) **The policy should not discriminate against parents** who want their children cared for in a religious environment.

The Hawkins-Downey bill fails on all five counts. It follows a traditional "bait and switch" strategy, coupling an extremely unattractive plan to create a government daycare system with a desirable expansion of the earned income tax credit. But the centerpiece of the Hawkins-Downey policy is the creation of an infrastructure for government childrearing. This would be a disaster for American parents and children.

Expanding Choices. The Stenholm bill eliminates many of the harmful aspects of Hawkins-Downey. It focuses resources on parents and refuses to create a federal daycare bureaucracy. It does not seek to convert the public schools into daycare centers, and it continues to channel Head Start funds toward disadvantaged children. The bill also seeks to expand choices for parents who wish religious care for their children.

The Edwards-Holloway is an even bigger step in the right direction, since it empowers parents to make their own choices about childrearing by placing all resources directly in their hands.

American families do not need "a HUD for children." A government daycare system of the sort proposed in H.R. 3 would be a disaster for America's families. Congress should recognize that the family is America's primary and best child care institution. It should promote policies that strengthen families and empower parents to choose the type of care their children receive. Parents, not bureaucrats, should decide how their children should be raised.

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